



Communications and Digital Committee

Uncorrected oral evidence: The work of the BBC

Tuesday 10 September 2024

2.35 pm

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Members present: Baroness Stowell of Beeston (The Chair); Lord Hall of Birkenhead; Baroness Harding of Winscombe; Baroness Healy of Primrose Hill; Lord Kamall; The Lord Bishop of Leeds; Lord McNally; Lord Storey; Baroness Wheatcroft; Lord Young of Norwood Green.

Evidence Session No. 1

Heard in Public

Questions 1 – 18

Witnesses

I: Tim Davie CBE, Director-General, BBC; Dr Samir Shah CBE, Chair of the Board, BBC.

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Examination of witnesses

Tim Davie and Dr Samir Shah.

Q1 The Chair: Good afternoon and welcome to the Communications and Digital Committee. We are pleased to have the BBC with us this afternoon. I welcome Tim Davie, director-general, and Samir Shah, chairman. It is your first time before us, Dr Shah, and we are pleased to have you.

This session is primarily a follow-up to our inquiry into BBC future funding, the report for which we published two years ago. We are particularly interested in hearing from you about the progress you are making on the strategic challenges, which we identified in that report, in a clearly changing economic context and involving audience habits.

We originally scheduled this session for July. We will come on to that very soon, but, before we do, I want to ask some questions about the Huw Edwards case, because since we were originally scheduled to see you there have been developments in that case and we have a responsibility to ask you about that.

This is a live case, so before we ask questions I should make a statement covering Parliament's sub judice rules. We are all aware that Huw Edwards has pleaded guilty but has not yet been sentenced, and as such his case is still active in the courts. That requires me to remind all of us participating today that Parliament's sub judice rule means that the case should not be referred to in discussion or in questions during this meeting. In any case, this session was always designed to focus, in the questions I ask, on the BBC's decisions, policies and governance structures.

With that on the record, I come straight to you, Mr Davie. What is the current status of the BBC's attempt to recover the £200,000 of salary paid to Mr Edwards for that period post his arrest until his resignation? Has that money been returned?

Tim Davie: No. We have made the formal request. I cannot go into too much detail, but discussions are under way. I have no further news. The BBC's position is clear: that the money should be returned, and we have made the request.

The Chair: Did you set a deadline?

Tim Davie: I do not believe we set a deadline, but we expect to make progress and to get an answer.

The Chair: Okay. And if Mr Edwards is not forthcoming in repaying that money, you have already resolved that you will endeavour to pursue recovery of that money through a legal process.

Tim Davie: We will explore that, but, as I have said—I have said it on record, I think—that is challenging. At the moment, the position is very clear: we have made that request to Mr Edwards, and that is where we

sit. That is our management position. It is supported by the board and is very clear.

Q2 The Chair: I will ask another specific question, if I may. What is the status of the internal investigation that you launched last summer into his conduct?

Tim Davie: Just to be clear about the question I am answering, you mean the investigation where, once we had had the initial *Sun* story, we asked people to come forward.

The Chair: Yes.

Tim Davie: That is now closed. It is a simple situation from a leadership point of view: we had been offered the resignation with no pay-off, and if you look at any possible sanctions, someone leaving the BBC without a pay-off is where it sits. So you make that decision, and that is where we are. Clearly there are the learnings and all the things we have to do, and the review, which I am sure we can talk about. But that is where we are with regard to the investigation.

The Chair: Okay. And it is not something you would have any intention of making public, or any aspect of it.

Tim Davie: My instincts are always to be as transparent as I can, and that always causes questions, but when you have an internal disciplinary process in an organisation, I do not think it is appropriate to get into absolute specifics where individuals have raised concerns. That, I think, is right.

It is worth saying, and I have said this on the record, that if, in the process of any disciplinary investigation, we found anything very serious or criminal, or anything of that type, we would of course refer it to the police and we would be in a completely different situation. That is not what came through in any of the work that we did. That would be where things were clearly progressing outside the workplace. We are very clear with regard to where we are within the workplace.

Q3 The Chair: Okay. That takes me neatly me to my next question. At the point at which, last November, you were informed confidentially by the police of Mr Edwards' arrest, you decided then not to take any further action against him; I know you are on the record as saying that you were committed to taking action if he was charged whilst he remained an employee.

Had anything about his conduct emerged, through the internal investigation or through any other route, that you took into account at that time when making your decision—so not what the police were informing you of but separate to the police investigation?

Tim Davie: I do not think anything there was material in that decision. The decision was absolutely about the case which the police were giving us very clear instruction to keep confidential, again as is well documented and well reported. We knew the category. We had no knowledge at all of

the specifics, and the decision—I stand by it, by the way—was to remain with the suspension. The guidelines are clear about our policies, and more generally: that you pay someone’s suspension. We can debate the suspension.

But that is the decision we made. You are also aware that we made a limited number of people aware, as per the police’s instructions. So I think we behaved in good faith throughout and made reasonable decisions.

The Chair: I know that in the statement the board issued on 9 August—having, I assume, discussed in great detail in board meetings the decision you made at that time—that the board is satisfied with the way in which you took account of all these different matters.

The specific question here is whether you had an option at that time—as in, November last year—to do anything about his pay status, bearing in mind now the attempt to recover the pay that has been made in the period since. Could you, and did you want to, do anything about his pay status—as in: could you have kept him suspended without pay, as opposed to at full pay? I notice in the statement issued by the board that one of the things it has asked you look at is the BBC’s pay policy when employees are suspended.

Tim Davie: Indeed. As I said, it was not an easy decision. It was really difficult to get the balance right, because you knew that the arrest had been made and that there were no charges. You take advice—and you can always take risk in these situations, by the way, and go against your policies. Being blunt, you can take the risk. There might also be legal risks in that. There might also be significant welfare risks, because you also have vulnerable individuals. Obviously your primary thoughts are about people who are impacted, but you also have people who are accused at that point and you do not know whether charges will result. So you have a lot of unknowns at that point. I even looked at the GOV.UK guidelines on employee rights during suspension. The standard practice is to pay.

This affair has not been easy for any of us at the BBC, particularly for the people who have been impacted, but it is absolutely right to look back and reflect and say, “What are the learnings here? This is standard practice, but maybe we should be challenging that”. I am sure the Chair will want to speak about the board’s role and oversight in all this, but I welcome the idea that we look at that policy. Hindsight is a wonderful thing. With that, you begin to think about whether you could be more muscular in that situation with regard to payment. That is where we are.

Q4 **The Chair:** Okay. Just before I come to Dr Shah and the role of the board, looking back, and looking at lessons from that period, is there anything else that you would reflect on—for example, the point at which you were approached last summer by the *Sun*, when this story first emerged? When these kinds of scandals are brought to you, how much do you perceive it to be an institutional attack versus an inquiry about a

serious issue to do with one of your employees?

Tim Davie: I have always leaned towards the latter. I always think that the press will have an agenda, but at the end of the day you need to deal with things seriously and with the people affected. Being very open about it, I do not get too bent out of shape by the press going at it; I am interested in whether the BBC did the right thing and is acting calmly and in good faith. That is my job. We have acted in good faith throughout the affair and have tried to make sensible calls with the right judgment throughout.

You asked whether I reflect. Of course I do. These are difficult things for an institution, and it is really important that we reflect. There are some specifics. We have done a review of non-editorial complaints. You can come into the BBC in various ways, whether it is just turning up at a reception or ringing in on the line. Is that co-ordinated? As you know, we did a review with Deloitte on what are called non-editorial complaints, which is when someone comes in with an issue that is not related to our output. We have done an enormous amount of work on that, and there are some learnings for joining up the BBC. We can get into some gritty specifics on what we have done on that. There have been some learnings there.

On the ins and outs of this, which we have talked about, our policies are fit for purpose. But there are things that you reflect on, like the debate we have just had around payment.

For the board, there is clearly an ongoing question that this industry continually needs to work on, and I believe we have made massive progress here. It is about whether we are in the right place on the idea of power in the workplace. Changing culture—many people in the room have done that—takes time. You reflect on how far you have come on that journey and how much progress you have made. So, yes, there is lots of reflection.

Q5 The Chair: Okay. I am sure that Dr Shah will want to refer to the review, announced in the statement that the board issued in August, about the balance of power. But, more specifically, I want to reflect on the board's role in this situation, including in the time since you have been chair—I realise that this started before you arrived. Are you satisfied with the board's visibility in handling a crisis such as this? For instance, there was a period between Huw Edwards' arrest becoming known and your statement. This year, we had a situation similar to that which occurred when this story first broke last year, with a different Secretary of State, a different Government and a different chairman: the Government went straight to the director-general to ask perfectly reasonable questions but sought almost to hold the director-general to account, and people were unaware of what the board was doing at that time.

Dr Samir Shah: Before I answer the questions on visibility and on the relationship between the Secretary of State and the director-general, I will make some observations from the point of view of the board about

this affair. First, it is my and the board's view that nothing is more important than public trust in the BBC, and we are custodians of that trust. What Huw Edwards did damaged the reputation of, and trust in, the BBC, and we take that very seriously.

When it was announced that he was charged, it was a shock to discover that he had led a double life. On the face of it, he was a trusted news presenter, but hidden and secretly he was a figure who did the most appalling things. Let us not forget the victims of this—the children in those pictures.

The Chair: I am nervous to interrupt, but I am conscious of the sub judice point that I raised at the beginning.

Dr Samir Shah: Okay, let me make a wider point. I want to be clear that the person who betrayed the trust of the nation and of his colleagues was Huw Edwards. I knew him; I worked with him 30 years ago. Many producers, researchers, directors and editors worked with him and made him the figure he was, and they feel angry and betrayed by him. We need to say that.

From the board's point of view, as you know, on the day he pleaded guilty I asked Tim and his team to give me an account of the decisions they took that year. We then reviewed those decisions and, as Tim said and as we said in our statement, we believe that they were made in good faith. These were very complicated decisions to make, and they made reasonable decisions based on the evidence available to them at the time. So we support that and continue to support it.

That is not to say that there are not lessons to be learned, as Tim said. He has already identified a few. I could take you through the timeline, but I will talk to you about visibility first.

The Chair: Yes. Obviously, in the interests of time, we know that you are satisfied—you made that clear in the statement—but the critical thing is that everyone else was unaware.

Dr Samir Shah: I will take you through the process and how long it took—I have a timeline here. On the afternoon of Wednesday 31 July, when Huw Edwards pleaded guilty, I invited the executive to write a note to the board. The board met a couple of times. We went through a couple of notes in great detail, and we decided that we supported the decisions that Tim and his team took, but we also felt that there was a genuine abuse of power issue here that was worth examining. We have done that many times, and we can talk about the many reviews we have had. But, you know, abuse of power is not limited to the BBC. It is not a thing that is ever done. It is a constant problem, and we constantly need to be vigilant about it. I can talk more about the terms of reference.

Huw Edwards pleaded guilty on the Wednesday, the board agreed the statement the following Thursday night, and it was produced on Friday morning. In my view, that is not a long time. We had to take a lot of

evidence, and I had to talk to all the board members individually about what they thought. We had two board meetings, and Tim and his team wrote two deep papers about it. Taking seven days to come up with a statement is not bad going. So I do not agree with you that we were slow on this. I could take you through every single step in detail.

The Chair: I am not so much questioning the length of time that the board took to discharge its responsibilities. My question is on the visibility and transparency of the role of the board in holding the director-general to account, and about the Secretary of State stepping in in the absence—it seems to the public—of anyone else holding the director-general to account. I am conscious of time, and we have so much else to get to, so could you just give us your view as to whether you might seek to be more transparent?

Dr Samir Shah: On visibility, the board statement was a public document about what we felt about the actions Tim Davie and his team took and what we were going to do, in full. I do not think it is right to present the Secretary of State conversation as holding him to account. The Secretary of State is free to call whoever he or she would like to call. If the conversation is about information, I do not have a problem with that—I am relaxed. I do not think it is about accountability. Tim and I understand what accountability is, and Tim is accountable to me. If the Secretary of State wants to know what is going on, I am perfectly relaxed about conversations that may take place, but we need to be clear about where accountability is. Tim's accountability is to the chair and the board. I think that was clear.

Remember, the conversation that took place was reported as a summons, but that was a press thing. It was not actually a summons. Tim ended up having a phone call about what was going on. As I said, Tim often speaks to the Secretary of State, and that is fine, as long as we know what it is about. It is about information and what is going on, but it is not about holding somebody to account. It is my job to hold the director-general to account, and I think that is clear.

The Chair: Thank you. I guess the point I am trying to make here is that the role of the chair and the board is also, as is made clear in the statement that you issued, to uphold public trust and confidence in the BBC. The visibility of that is where accountability to the licence fee payers sits at a time like this. That is the critical point. You have answered the question.

If there is anything more you want to say on accountability to the licence fee payers and the role of the board in these sorts of situations that we have not had a chance to cover, and you want to come back to me or follow up in writing, I am happy for you to do that.

I want to ask just one further question around the BBC archive in relation to Huw Edwards. I understand from reports that some steps have already been taken to deal with some footage. Can you give us, Mr Davie, a sense of how you are handling this? What is the approach?

Tim Davie: Some of the reporting has not been quite on the money, actually, because we do not remove or delete anything from our BBC archive unless we have a legal order to do so. That is a technicality. We have not got on to this point, but it sits in the archive, and what is appropriate to broadcast or appear on iPlayer is then a matter of editorial judgment. In the real world, one does not have 100 of these examples. We ask: is that the appropriate documentary? Frankly, should this individual be seen presenting the Queen's death? All we do in these sensitive cases is make sure that it has the right level of oversight and that we act in a common-sense way. That is what we are doing.

So there is no wholesale banning. We are not sitting in the archive deleting files of individuals. Those remain in the archive. However, it is absolutely appropriate that when someone has been involved in an active case like this, we should be careful. We make decisions based on that. Of course, we are not trying to censor. The BBC stands for everything that is not censorship. My instinct is that where there is editorial justification, even when that is uncomfortable, some of this footage may emerge, but it has to be in the right situation. We have good experience of that, Chair, in relation to various affairs in the past and public events. So that is where we are.

The Chair: So any concerns that have been expressed by people that some of these very important, historic events involving Huw Edwards are not going to be somehow digitally altered in an unacceptable way.

Tim Davie: I have not got around to a proposal for digital alterations.

The Chair: That placates me.

Tim Davie: We are sitting in the archive and making common-sense judgments based on the editorial occasion that arises.

The Chair: This is a subject that we could pursue at great length, which I am sure the DCMS Committee in the Commons will probably wish to do, once it is formed and able to take evidence.

We now move to the other areas of questioning that we want to pursue, which, as I said at the beginning, relate very much to the inquiry report that we published a couple of years ago and to how things have developed. Regarding that, we are also asking a lot of our questions from the perspective of ensuring that the BBC is operating to the satisfaction of all licence fee payers. There may be matters in response to some of the other questions that we put to you, Dr Shah. You might want to come back on that theme when addressing licence fee payer issues.

Q6 The Lord Bishop of Leeds: We are going to look at the impact of falling revenue. It is clear from the statistics that BBC revenue faces long-term decline—it does not look like a blip—as the number of licence fee payers continues to fall, for example. How are you responding to this in the short, medium and long term? Does this in any way affect the viability of the ambitions that you set out in the BBC future strategy?

Dr Samir Shah: I will come back to Tim when we talk about the short-term response to the decline in the licence fee. That issue speaks to a wider point about the future funding model of the BBC and what that should be.

If you will allow me to make just a couple of opening statements about that—this is the first time I have spoken in public—I should like to make the point that, in my view, the BBC has an enormously important role to play in the social and cultural life of this country. It comes in for a lot of flak, and sometimes that is well merited. But it is undeniably a force for good and faces formidable challenges in the changing media landscape. The BBC is worth fighting for, and Tim laid out what seems to be one of its core points: what is its purpose? I am clear that in this world of misinformation and fake information the BBC's commitment to impartial journalism is incredibly important. In this world where global streamers are making programmes for a global audience, the BBC's desire to make programmes that reflect the lives of the people of this country is also important.

Finally, in a fragmented society, the BBC's role as an instrument of social cohesion is also important.

Those three things are what make the BBC unique, special and worth fighting for. To answer your point, Lord Bishop, to be able to do that we need a funding model that enables us to deliver that vision in the long term.

There are many funding models and aspects to it. I perceive both in the strategy for the BBC and in the extent to which we can strengthen the independence of the BBC. I look at the licence fee and its adaptation or change through that lens as much as all the other ones about progression and charter renewal, which we may come to later. What matters most of all is the independence of the BBC.

Any new funding model needs to ensure that we remain independent. The licence fee has many difficulties, as we know, and I know in my experience looking at it that it has been vulnerable to actions by the Government, particularly the Chancellor, to impose on the BBC duties that basically take money away from making content. Most egregiously, that has applied to the World Service: by a stroke of a pen and with no democratic accountability or reference to Parliament or people, we suddenly had to find £300 million, which came out of the licence fee.

We need to find a settlement under a future funding model that ensures that we are independent of that kind of action. I do think that we need to be accountable and can come to the kind of accountability that we need, but I believe in independence. We should think about the funding model in terms of independence. Tim has some very good data on how to deal with the decline of the licence fee in the short term.

The Lord Bishop of Leeds: We will come to Tim in a moment, but I just want to press the question. You have given us a philosophical defence, if

you like, of the BBC, but the question is about how you are responding to the long-term decline. Saying that we need new funding models is pretty obvious; we all agree with that. But what are you looking at?

Dr Samir Shah: I do not take the counsel of despair that we are lost in this world. As I said, the articulation of what the BBC is for gives it a purpose, and we need a funding model that enables us to deliver that purpose. That, in turn, will have the impact of getting support from the licence fee payer and being able to reverse that trend. We should not sit here and think, "Oh, the game is over".

The Lord Bishop of Leeds: I do not think anyone is suggesting that. What I am asking is: if we are saying that we need a long-term funding model, there is probably a finite range of options that can be looked at. What are they? Then we can come to Tim on the short and medium-term mitigations for the decline that we are seeing.

Dr Samir Shah: I know you have heard this before, because I have looked at previous comments, but the BBC has spent a lot of time discussing alternative funding models. Some we have ruled out. Indeed, the Enders report said that a subscription model does not work for public service; I am talking about public-service funding. I do not think the advertising model works, either.

We are looking at different versions of a universal fee. There are lots of different iterations of that. I know there has been some discussion here about a two-tier fee for public service. The board has not discussed this or made a decision. I am sceptical of a core and a service and then an addition, because that feels to me a bit like a subscription service, and it will have all the difficulties of a subscription service; the Enders report was about a subscription service.

However, I think we need a fee. There are many options. We are still discussing it, whether it is a household tax or any other form of universal fee, but the principle is clear: it is universality. I do not want to get into a great discussion about universality, but I am clear what I mean by it, which is that the service should be paid for by the British public at large—we belong to the British public—and that we should have content that provides value to every licence fee payer there is.

Tim Davie: I very much welcome the question, because the risks are very high across the industry, and the amount of change we are going through means that every traditional revenue model is crisis—some are borderline crisis, some are crisis. The BBC licence fee income will be flat in revenue terms this year. So we are not in freefall, but we have some erosion. You are going to get that with this level of competition. I often have a wry smile, and the top BBC team understands this. We are spending all our time thinking about the long-term revenue models and how we give audiences value on that money.

By the way, it is not quite true to say that overall BBC revenue has not moved, because over a number of years we have moved the commercial

arm from a £1 billion turnover to a £2 billion turnover with a decent margin. That helps, but it does not get you there. Your question is very well put, because you can push the commercial arm further—that is extremely helpful—but we are facing trillion-dollar companies.

What is the answer? The first thing is to know what you stand for and not to try to do all things. That does not mean that you are not operating in all genres, but what I was trying to do in the speech earlier this year is really focus on the points of difference. Ninety-nine per cent of what the BBC makes is made in the UK. That is different. For all our battles about impartial news, we believe we deliver it. We are not perfect, but we deliver it. The teams did a sensational job on that throughout the election, and we absolutely need to fight for that.

Your question was about how we are coping in the short term. By the way, it is worth saying that the BBC has had £1 billion taken out of it over the last decade-plus. We have not kept flat funding; we have taken out £1 billion and we remain at about £3.7 billion. So we have really disinvested in our public service broadcaster.

I happen to think that addressing the issue you are talking about is not rocket science—to be provocative. We just had a fantastic July, by the way, in broadcasting terms. It might not feel like the BBC is having the easiest of weeks at times, but actually, when you take the Olympics, some of the dramas—“Blue Lights”, “Sherwood”—all these things coming along, our numbers are very good. In the election—I am sure we will talk about this, because I know that the Chair is passionate about underserved audiences—we really pushed hard.

So, in answer to your question, first, we have taken out as much cost as we can that is not delivering for audiences. That has been brutal; the BBC public service is 2,000 people smaller than when I started, but it is still delivering 80%-plus a week and nearly universal reach in a month. So we are defying gravity on that.

The second strategy is to hire the best people, which is sensitive. I know that sounds soft, but it is not, because if you have the best drama picker in the business and you are able to hire them from Netflix because the BBC is special, then you deliver performance.

Thirdly, we use commercial income and not a two-tier model but a hybrid model, with UKTV growing and all those things, to try to do all we can to keep the scale of public service broadcasting.

Next, we have partnered with, for example, Freely, Freesat and Freeview to make sure that the UK ecosystem, for want of a better word, is fighting and at strength.

Going forward, we will need reform—as per the Chair’s question—of the public funding mechanism, whether that be in scope, what it covers, what it is called. We need to do that work, and we are in the middle of it now, as opposed to just talking about it.

I want to emphasise, because I think this committee is incredibly important in this area, that the media Bill said that public service broadcasters should get appropriate prominence on digital platforms. If we do not know what that is and do not get that secured fast, we will put not just the BBC but others in jeopardy. Remember: we have had the benefit of having, and we as a society have chosen to have, 101, 102, 103 channel guides. At the moment, we are doing extremely well in digital and keeping relevant. We have had a fantastic summer for iPlayer, but there is a lot of risk.

The Chair: A lot of colleagues want to come in on this area. We will start with Lord Hall.

Q7 **Lord Hall of Birkenhead:** I declare an interest: I have worked with both the chair and the director-general, and worked very well both.

Lord McNally: You have form.

Lord Hall of Birkenhead: I might say that I have form, yes, or we have form. My question might therefore sound a bit arcane, but I do not think it is.

Samir started by talking about the importance of the independence of the BBC. That is spot on. One thing that happens every 11 years in the case of this charter—but it could be four years, three years, five years or whatever—is charter renewal coming up. This is a time when the BBC, to put it bluntly, is vulnerable. Would you not be better off—taking the next two and a half years up to 2027—saying, “We want to be established, say like Channel 4”, rather than saying, “We want a charter”?

Dr Samir Shah: Thank you for the question, Tony. Can I just say that I think you are absolutely right? The charter review, in this time period, means that we are in almost constant review of the charter; there is a mid-term review, for example. We are constantly in this not very comfortable relationship with the Government over the charter, and it undermines and threatens our independence.

I would absolutely welcome an exploration of—how can I put it?—constitutional innovation when it come to the relationship between the BBC and the Government. That innovation could take the form of a new Act. There are other ways. I notice, I was told, that we are unique in having a royal charter. There are thousands of organisations. The Institute of Directors called it strange that we have a time period. Most have a perpetual cycle. Because we have a time period, we are for ever in this dance with the Government. So we should think about whether we should change the charter and remove the time period. Maybe we would have to change the nature of it and make it more about core principles and have a framework agreement sitting underneath it. That might be more relevant.

However, thinking about the constitutional arrangement is very important. I think it is central to securing and strengthening the independence of the BBC. I can go into slightly more detail, if you like.

There has been a lot of discussion about the appointments to the board. I share that view. I have a board of 14 execs and 10 non-execs. Of the 10 non-execs, five, including me, are appointed by the Government. I am not sure that is the right balance, and I think we should think again about it.

Again, as I said earlier, the important thing about any constitutional innovation is that it should strengthen the independence of the BBC. That is at the heart of our reputation here and across the world. I think that reputation has been damaged in recent years as a result of the nature of the relationship with the Government and the leverage the Government of the day has over the BBC, and we should try this time around to reduce that leverage and make our accountability to do with the public, the licence fee payer. That, I think, is partly what the mutualisation idea is about: can the public be more directly involved and hold the BBC to account? That is a good idea, and I certainly welcome the idea of dialling that up while we dial down the relationship with the Government of the day in the BBC.

Lord Hall of Birkenhead: I have a brief question and ask for a brief answer, if you would not mind. For some arts institutions, the Government decide the person they want to chair. For some, the boards decide. Would one bit of independence, or greater independence, of the BBC be the board to decide who is chair?

Dr Samir Shah: Yes, it would be.

Q8 **Lord McNally:** You mentioned the World Service. I know the director-general who was responsible. I was a Minister of the Government who fobbed the cost of the World Service on to the BBC.

Perhaps this is a question for when we get Ministers before us, but would it be better and fairer, given that the World Service is not just a broadcasting organisation but one of the most powerful soft-power organisations that we have, that you should be removed from that responsibility?

Dr Samir Shah: I appreciate the term “fobbed off”—I think that is correct. It is essentially unfair that the licence fee payer pays for a service. That is for the Government. Also, the World Service is an incredibly important instrument of soft power for the BBC. Being part of the licence fee, it has to take the cuts with the rest of us. That is not good, either. I am a great believer in it. In some countries like India, where I was born, the World Service is incredibly important, and that is the case all over the world. It is very important for the BBC, and it should be properly funded; it should not be dependent on actions that we correctly take on public service. Tim might like to add to that.

Tim Davie: As I said publicly in March—interestingly, I have not had any push-back—and I entirely agree with the Chair, this should not be funded by the licence fee. Also, I am understandably and appropriately under pressure, on very limited resources, to make sure that every household

and every flat in the UK gets that value. They are related, and there are definitely huge benefits for UK news organisations from having the World Service. Take a language service: they do different things. We should absolutely be funding that as the UK.

The scary thing is that in China, Russia and Turkey the numbers are astronomical. The investment those countries are pouring into disinformation is significant. As we speak, there are real issues at play. We have a request into FCDO for a bit more money to see the wolf from the door next year. The Government put in £104 million and we put in £250 million of the licence fee. All of it, if I am being honest, is underinvesting. Even the Americans' "Voice of America", which is nowhere near the World Service reputationally, with all due respect, although it does brilliant work, is being funded to the tune of \$920 million, I believe, which is way in excess of spending on the World Service.

We have to make a decision here if we are serious about this service. We have a short-term request for money in with the FCDO now, pre charter, and we need that. When we come to charter renewal, and even before that, we would love to have a situation where, frankly, this is properly funded by the UK Government because it makes the cut, which it should do. Thank you for the question.

The Chair: I am conscious of time, so we will move on to the audiences who are turning away.

Q9 Baroness Healy of Primrose Hill: What progress have you made on improving the way you engage people who are turning away from the BBC? Dr Shah, you said in March, "Can we stay relevant to the lives of the British people?" and you expressed concern particularly about working-class people. How are you trying to address this?

Dr Samir Shah: That is right at the top of my strategic priorities. The BBC needs to do a great deal more to address the question of serving what we call the underserved audiences—the C2DEs. I have been in broadcasting for a long time and this has been a chronic problem for the BBC. Its metropolitan bias, programming and power structures continue, in my view, to be focused on London. A lot of progress has been made and work is being done to move production and programmes out of London, but a great deal more could be done about power.

Salford is a very good example of what I am getting at. It is still not there yet, but the vision—people being made to feel that the BBC is part of them and belongs to them—is that one can have a career in broadcasting without having to come to London. Back in the day, I was on the board when the Salford move took place. We all had a vision that it would become Granada. Most of you who are older will remember Granada. It was incredible. People of all classes, cultures and communities in that area thought it belonged to them, and similarly for Yorkshire and Tyne Tees. We all know that.

The BBC continues to feel like an organisation where the power base is in London and people outside feel, "Oh, it is over there". We need to break that. We have a great policy across the country, but we need to do more. There are lots of really good people committed to that, but these are hard things to achieve. I want to put a lot of my energy into making that happen. We have had enough of saying, and we cannot keep saying, that we do not serve the C2DEs. It is not just about a definition like the C2DEs. It is all about values, attitudes, the whole cultural thing. How far is that expressed?

You are probably aware that the BBC does thematic reviews. Apart from the immediate one, I was involved in the migration review before I had to step down from it. The next one, which is currently under way, is about portrayal and how well the BBC represents and reflects the lives of people across the country. It is going to be a very systematic, well analysed, evidence-based work, and that will help us to start building some policies and practices that will help to begin to change that.

But the bottom line is to move the power out of London and try to create hubs where people, whether they are born in Truro or Middlesbrough, can achieve in broadcasting without having to come to London to do it. That is a big task, but I want to make real progress in that over the next few years.

Tim Davie: We are really pushing on this and, as you can hear, I am being pushed harder. That is absolutely right. We now have 63 out of 92 network TV commissioners working outside London. It is a big change. This is what we have to do: we have to change. The Chair's challenge is spot on. If you look at the drama we deliver, you can see a real push. In elections, having people like local correspondents on the main news bulletins is all helping. By the way, on an average week across 2023-24, 84% of C2DEs came to the BBC. I am absolutely not in auto-defence mode here. We have real challenges with some groups.

There is something deeper in the industry itself. You may have seen James Graham talking about the fact that only 8% of people working in television come from a working-class background. A lot of work has been done on diversity and metrics. I have always said that there should be diversity of thought, different backgrounds and social mobility.

Interestingly, I have really pushed on apprentices. Being open with you on what does not always work, we have moved the number up of those coming, but it is still more convenient for people who have some kind of family income to support them through that process. So we have to intervene on the people coming into the industry.

You can use a load of metrics, but currently the BBC has another way: basically, what parental employment was at 14. We are at 20.8% of people coming from a working-class background. We have moved that number up. I want to get to at least 25%, because part of this is also about how people think and what their experiences are. That is important for us as the BBC, as well as the geographical point. I am a bit more

worried about the latter in some ways, because I can move people out, but you do not want to just arrive in an area and get the same—I may be in dangerous territory saying this—type of people, in terms of social demographics, arriving in an office in Cardiff. That is one thing that we really have to motor on.

- Q10 **Baroness Healy of Primrose Hill:** How are you prioritising spending to meet the diverging demands of the different audience groups, especially the young, as they are moving away?

Tim Davie: We are watching like a hawk to see what groups and what programmes deliver to what audiences. Interestingly, going back to the budget question, we should absolutely have some services like Radio 1 that are more youth-focused, but I have to say that what is really working is the sweet spot of taking your core activity, whether that be an entertainment programme like “Race Across the World”, or the election, and saying, “I’m doing simple explainers”. Some 47% of 18 to 24 year-olds claimed to have consumed coverage of the general election results on social media. It is about reshaping standards, not diminishing them so that you are into that whole “dumbing down” discussion. I am not talking about that.

We had a massive uptake among young audiences of simple explanations of manifestos. People were desperate for that. It is reshaping our output at the core, rather than just saying, “We’re going to do something cool on the side”. That is not the essence of this. It is making sure that the news itself—the 6.30 pm regional news has always been brilliant at this—has a different tone of voice. We have to do more of that. How we take those things forward is a big challenge. It is also being sensitive; some people want to stick with what is there in tone and content. It is getting more challenging. If you take a political issue, we find that the level of understanding can wildly vary between those who have no idea about something while others are pretty well versed on it. We are really monitoring how we feed all the audience across that.

The Chair: Some of what you are raising also connects to the questions that will come up about local news and how that relates to hubs and what have you.

- Q11 **Baroness Wheatcroft:** Given the resources that you have, you have to work out how to spend them. Some of us are concerned that news and particularly news investigations will be the victim. How important do you think national news and investigative news are? I suppose we should mention “Newsnight”.

Tim Davie: They are the very centre of the BBC. We have now put more investigative capability into the local regions, for instance. We are doing more work there. It is a justifiable concern. We had investigative teams sitting with “Newsnight”. We do not want to just reassure. We do not want to downgrade our investigative capabilities at the BBC. They are essential. We have had a good period recently with a number of investigations. That is core to the BBC, along with network news.

There is an organisational question about how much is attached to "Newsnight", and there are pros and cons with that. You are attached to a linear slot, to a degree. "Newsnight" has done some fabulous stuff on, for example, Birmingham health trust; I could go on. It has been slightly different from some of the other investigative journalism. We are sensitive to that and want to protect it.

The short answer to your question is that, under my tenure, we absolutely want to be leading the market in investigative journalism. That does not necessarily mean that it is simply about the number of hours of programming. It is the quality of the journalism and making sure that we have the resources. However, remember the earlier question: 30% has been stripped out of our budget. You cannot do everything, and we have to make choices between quality and quantity sometimes, which is difficult.

The Chair: We are sticking with the theme of news as we move to election coverage.

Q12 Baroness Harding of Winscombe: Ofcom published research today that shows that online sites and apps are now, for the first time, as popular as TV news. I am interested first in looking back. How did you address the challenge of serving an increasingly fragmented audience in the general election, and what did you learn from it?

Tim Davie: I will take one step back. One thing we did with the newsroom, which was sensitive, was to begin to think about it in terms of story teams—forgive the jargon. That is where stories are developed and where you work your journalism, as opposed to having bespoke resources within every linear programme. That has been extremely sensitive, as you can imagine. Culturally, you had your resources for each programme.

I am answering the question in that way, because it allows you to say, "Okay, we've a good story". I am very aware that we have had these debates about local resources, but I am seeing stories flow across on to my main app, and local news is on the main page of the news app. So we have moved our newsroom so that the news is far less agnostic in where it appears and how the story is formed.

In the election, we also tested a number of formats on iPlayer. Some worked; some did not, interestingly. You can now see the Television Newsreel on iPlayer. iPlayer has had a fantastic summer, and we are beginning to learn what works on iPlayer, because not everyone—I say with a somewhat heavy heart—will get to 10 o'clock, sit for half an hour and watch the news.

The good news is that we saw good numbers for the election. To be very open, we have seen some decline in linear. You cannot avoid that. But online usage is developing really fast for us. It is difficult to measure, because obviously there is the attribution question, which you are well

aware of, which is that, once we are on TikTok and Instagram, we want to bring people into the BBC as well.

But we are definitely going out there. We were the biggest news source in the election by some distance across all providers everywhere in online. We have been reshaping the output without affecting the quality. In fact, we are trying to take it up with things like Verify.

Q13 Baroness Harding of Winscombe: Verify is a fantastic lead-through into my next question. You referenced earlier state actors' misinformation and disinformation overseas. How much were the concerns, many of which we expressed here in this committee, about the potential risk of misinformation and disinformation in the election? How much was that an overplayed, overblown concern, and how much was it real?

Tim Davie: I do not know. I have not seen data that really breaks down how far that went. Slightly encouragingly, we had massive uptake and response to verifies that said, "Let me outline the basics here. What are the claims?" There are a number of levels to this. There are malicious state actors trying to affect an election, but I have not seen reports on that. There is also just general noise and people cannot see the wood for the trees. We had incredible numbers, particularly among 16 to 34 year-olds and younger coming to basic explainers. We are going to double down in that area, and we are learning how Verify works. We put serious reporters, one of them ex-"Newsnight", into Verify and it made a difference. In the election, we were really robust. It is also critical to give voice to every legitimate party and to make sure that everyone who should have a voice has one.

Finally, relating to earlier questions, we had an initiative called Your Voice, Your Vote, which was very popular in putting people's concerns. We took it beyond that general vox pop, if you know what I mean, to concerns on the ground about what was happening. That really responded and delivered.

I am not sure I am answering your question directly, because we need to see a bit more data and come up for air on that question and say just how influenced the election was by these things.

More generally, by the way, the value of an institution like the BBC, the Ofcom code and all the things we do with public service broadcasting is that it led to an election that was properly conducted, with politicians coming to debates and being properly interrogated. It is a very rigorous and proper democratic process that was well delivered.

Q14 Baroness Harding of Winscombe: Will you do anything differently in the run-up to the US election?

Tim Davie: There are probably numerous things that the news team is doing. Perhaps to take a random example, I was listening to them the other day and said, "Look. On iPlayer, if you put it at this time length, it just doesn't work. People aren't getting to it". It is about saying, "This

particular podcast format works". It is all about how you get it right for an on-demand world. We are learning.

Baroness Harding of Winscombe: It is detailed product design.

Tim Davie: It is detailed product design, which, as you know, is time length, clip length, all those things. There is tension, because we need to make sure that it has depth and quality—I know that the news team really believe in this—and you are not falling into the trap of—.

There is no doubt that the whole commercial market—I made this point in the speech—totally understandably, and I say this with no blame, has to go after those clicks. The BBC can be slightly more strategic. You will not see us writing lots of headlines that are questions to get you to click into them. We will stick our ground on that.

Finally, Verify and fact-checking will probably be very important in the US election.

- Q15 **Baroness Harding of Winscombe:** One of the issues that came out of the general election was the accuracy of all the polls, or in fact the lack of accuracy of the polling. Does all the focus on the reporting of polls themselves risk affecting elections, regardless of which party? I think we can probably all make an argument.

Tim Davie: That is why the BBC is very careful and does not lead with polls in that way. We refer to polls. So the answer to your question is: there are significant risks in chasing polls, particularly an individual poll.

- Q16 **The Chair:** This question goes back to BBC Verify in certain respects. When Deborah Turness was before us earlier in the year, I raised a question with her about criticism of BBC Verify and its use of sources on Middle East reporting. She rather dismissed it, in a way, saying that it was a typical type of critique, and we had the reporting at the weekend about the coverage of the Middle East.

Without getting into a discussion about the Middle East, I am keen to understand how the BBC is responding to the kinds of challenges that it is receiving on its reporting on the Middle East, regardless of which direction they are coming from.

Dr Samir Shah: The Israel/Gaza story is very complicated, and there are strong emotions on both sides. I should say, first, that our journalists are doing a really fine job. They work in very difficult circumstances in Gaza, particularly because we do not have access to it. I chair the editorial guidelines and standards committee, which is part of the process whereby complaints are discussed, talked about and addressed. Over the past six months, we have discussed the Israel/Gaza situation in various ways many times to look at the complaints, the nature of the complaints and the balance of the complaints.

I referred earlier to the thematic reviews. We are doing one this time on portrayal. That will take time to work its way through next year. We are now considering what the next thematic review issue should be, and the

Middle East conflict is definitely one area that we should consider seriously to be the subject of a deep, systematic analysis of how we covered it. It is a very difficult story, and we get it. I received the letter. It was a substantive piece of work. It is going through the normal complaints process and will be treated properly.

In my time, and I have been in it for 40 years, this has resulted in lots of concern on all sides. It is the duty of the board and the BBC, because we play such a big role in reporting the Middle East conflict to the rest of the world, to take time out to approach the issue and do an analysis, a review, of that coverage. It is one of the issues that we will consider very strongly being the subject our next thematic review.

The Chair: Just remind us how many of these reviews you do a year. Is it two?

Dr Samir Shah: No, the thematic reviews take the best part of a year to do.

Tim Davie: One or two. Am I allowed to make a very quick point? I feel strongly about this. I just want to reassure. The one thing I get slightly defensive about in all the commentary is not the criticism itself. By the way, our journalists are doing an outstanding job under the most ferocious, personal pressure, with lobbying and reports from both sides. The trouble is that you can say: "Well, it's all so much noise we're not listening. It's all equal".

By the way, it is true that we have more complaints that we are on the pro-Israeli side than the other side. There is a whole load of contextual factors around that. But every complaint that comes in is taken seriously, and this is where I dispute what has been written. As leader of the BBC, I am absolutely clear on this: I come from the view that you assume that your critics are right until you have done the work. We will look at that piece of research and take it seriously in good faith. We have looked at every accusation we have received on the Arabic service.

The issue is that not everyone agrees with the outcome. We have taken disciplinary action and people have left the BBC. But, broadly, we are doing a very good job. The research that we have about the overall public response is good, but that does not mean we are perfect. I will stick up for our journalism but also say that we will treat these complaints seriously. We will go through them. We will not just be in auto-defence mode, but we will stand up for our journalists and for people doing a good job.

That is the journey we are trying to walk. It is as fraught for institutions as it has been. A few of us around the table have been through a few of these. This one is as difficult as they get, in my view.

The Chair: We now move on to local news.

Q17 **Baroness Wheatcroft:** I will take you away from international wars to local ones, perhaps. You have made clear your intention to move things

across the country. That is great, but you cannot please all the local publishers. Can you say something about where your relationships with local publishers are now? Some accuse you of trying to crowd them out. Is that fair? You are also working with them on the trainee scheme. Can you also say a bit about how that is working?

Tim Davie: It is a difficult relationship at times. I should say, first, that we have kept our investment in local. We have moved money around, and that was very difficult, but I still believe that we needed an effective online presence. The BBC and public service broadcasting should not be trapped in one media. It should be able to do its business, and we provide a unique and valuable service locally that is utterly precious.

We are committed to that and, by the way, and to local radio. We have a constructive dialogue with the NMA. It has concerns, which is absolutely appropriate. On my watch, I have always tried to say that we want to see markets grow. We have a strong opinion, which the NMA knows about and we talk to it about, that the structural declines in local press are present globally, and the BBC is not the key factor here. We are in the market and doing our business, but the truth is that advertising money has shifted away from print—I understand that—online is a much more competitive environment, et cetera, et cetera. These things are very difficult.

It is a good topic of conversation to think about where we can get further partnership. Obviously, we have the Local Democracy Reporting Service, which has worked better than some of us thought it would. Actually, it has worked really well and is doing its business.

As we look to the future, a good topic is how we can further that partnership and help each other, because no one wants to see the BBC's vision of success being the only one in town. That is definitely not how we want to work. We like a competitive, vibrant, commercial and public market. That is how it should work.

Baroness Wheatcroft: What is the role of the BBC and, indeed, any local news media now? It is often said that local politics gets no coverage at all, anywhere.

Tim Davie: If you go into any of our 39 local radio stations or my local site here, you are getting some political coverage. What is really difficult for the commercial side—they can speak for themselves—is covering council meetings, for example. That is why the LDRS scheme is doing its work. Whether it is big enough or whether we could do more of it is a really good strategic question to address, because it is an incredibly important part of our democracy that local politicians and administrations are put under the right scrutiny. The BBC is doing a great job on that, but it cannot do it alone.

Baroness Wheatcroft: How are you keeping older listeners online.

Tim Davie: It is important, because people often think that a move to online is an attempt to get youth. The over-60s are certainly getting most

of their news online now. So this is not simply lurching. We are doing our best with a flat budget in real terms. That is the answer to the question. Go to a local radio newsroom; it is worth a visit. They are no longer local radio, I should say; they are local, and they are doing great with putting reports on the radio that go on to the 6.30 pm news. That is precious to us. But people are going online, which is why we have had to build a multi-media newsroom like any other media company or organisation. That has been hard. Because we have had such tight budgets, we have had to do fewer afternoon shows, and all the things we have been through have caused understandable angst. We are trying to hold the listeners while investing in online and pulling that off. Many will be watching us as we do it.

- Q18 **Lord Storey:** I have always regarded local radio as a potential jewel in your crown. We look at local news, and some might say that it is in terminal decline and the BBC could be the last person standing. Commercial radio has almost got rid of the news element, and the circulation of local newspapers is plummeting.

How does the BBC help towards invigorating local news and local democracy? You have local democracy reporters. It always seems a bit bizarre to me that you give those to newspapers that thrive on what we call clickbait journalism. Actually, there are other players in the market, like the small internet-based newspapers. I have one here, called *The Post*. They seem to be the only people—not even the BBC is doing this—who are doing in-depth investigations. We are talking about four or five young journalists who are properly paid. They are doing one at the moment: “Exclusive: The mystery £5m loans to companies ...”, et cetera.

How do you help to invigorate local journalism? It is not by consolidating and sharing. It used to be that, in the evening, minorities could have their programmes, particular subjects could be looked at. We have lost all that.

Tim Davie: We have lost some of it. You say that it is a “potential” jewel in the crown. It is not a “potential” jewel in the crown; it is a jewel in the crown. The BBC and I need no convincing that local is an essential part of what the BBC offers. We can agree on that.

The issue, and the exam question for me, based on limited budget, is: what are the right choices to deliver that? It has been very painful. I would have loved to have funding to do everything, but there came a point at which we had to do some of those shares.

Local radio is incredibly important. The connection with the listeners is second to none, but its overall reach is about 10% of the population. It might go to 15%. I say this with a heavy heart, but I have not seen a forecast that had said that, in any circumstances, live radio will double its audience. The market is moving to online all the way, to your point, so I need the resources to make sure that we have an online offer alongside radio and the 6.30 pm news. This is not about sharing everything; there are certain things you do by media.

We have invested. We have put 130 more journalists into local. We have decided to create investigative journalism hubs. Honestly, visit one of the hubs. They are amazing. They are doing the kind of work that you have just shown me. By the way, we have a lot of work to do.

I think the partnership challenge is really good. How can we work with those types of operations so that the BBC can extend its reach? We have a simple strategic objective: for 50% of the population to come to BBC local. That is it. We used to be able to deliver that through television bulletins and radio. We cannot do that anymore. We need online.

It is a balance. But we do not need to be convinced of the strategic importance. It is critical. The issue is resources and—this sounds like management speak—the allocation of resources.

Lord Storey: I would like to come back on that, but thank you.

Tim Davie: We might want to continue this conversation outside the committee room, because it is important.

The Chair: Dr Shah, do you want to add to, or indeed comment on, what Mr Davie has just said in relation to your vision/ambition for local hubs?

Dr Samir Shah: I just have a point about local news. I obviously follow it. It is worth noting that, as far as the board is concerned, the move, as Ofcom has said, from linear news channels to online is part of an overall strategy that was presented to the board last year and approved. Tim has tried to make that strategic move, as he explained, because that is where the audiences are. A very interesting statistic: 70%-odd now use online for news over radio.

The dynamics of the change-up in strategy are such that we need to move to online without leaving people behind. There are tensions in making a move like that, but the board is supportive of this as a part of our overall strategy of starting to shift our journalism online, because that is where the audience is.

The Chair: Gentlemen, thank you very much for joining us today. We have covered an awful lot of ground. You have set out a comprehensive shopping list for the new Secretary of State and the new Government, and if any journalists watching us have been following the vote in the Commons on the winter fuel payment instead, you have also given them quite a lot of news lines today.

I am grateful to you for engaging with us. In return, I urge you, Dr Shah, to consider again the transparency and visibility of the board, particularly bearing in mind what you have put in your shopping list today for how you would like to see the development of the BBC. There is a critical need for the board to be visible and to be seen to be representing all the licence fee payers who are funding the BBC. But I am hugely grateful to you both. Thank you very much for being here today.